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HOUSING AUTHORITY OF SOUTH LANDRY PARISH
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
TWELVE MONTHS ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08 **Mike Estes, P.C.**
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of South Landry Parish
Grand Coteau, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of South Landry Parish, Louisiana as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of South Landry Parish, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of South Landry Parish, Louisiana, as of December 31, 2007, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008, on our consideration of the Housing Authority of South Landry Parish, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Housing Authority of South Landry Parish, Louisiana. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of South Landry Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
June 25, 2008

HOUSING AUTHORITY OF THE CITY OF SOUTH LANDRY, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2007

The management of Public Housing Authority of South Landry, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending December 31, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$2,727,366 at the close of the fiscal year ended 2007.
 - ✓ Of this amount \$2,409,837 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$317,529 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 44% of the total operating expenses of \$716,772 for the fiscal year 2007, which means the Authority might be able to operate about 5.3 months using the unrestricted assets alone, which compares unfavorably with 6 months in the prior fiscal year.
- The Housing Authority's total net assets increased by \$27,838, a 1% change from the prior fiscal year 2007. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- Cash and cash equivalents decreased \$158,549. This was offset by a decrease in accounts receivable – HUD of \$156,068.
- The Authority spent \$26,652 on capital asset additions and \$231,276 on construction in progress during the current fiscal year.
- These changes principally led to an increase in total assets by \$55,461 and an increase in total liabilities by \$27,623. As related measure of financial health, there are still over \$3.92 of current assets covering each dollar of total current and long-term liabilities, which compares unfavorably with \$5.20 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing
Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Housing Authority of The City of SOUTH LANDRY, LOUISIANA

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2007

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,727,366 as of December 31, 2007. Of this amount, \$2,409,837 was invested in capital assets, and the remaining \$317,529 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet

As of December 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets	\$ 426,132	\$ 421,003
Capital assets, net of depreciation	<u>2,409,837</u>	<u>2,359,505</u>
Total assets	<u>2,835,969</u>	<u>2,780,508</u>
LIABILITIES		
Current liabilities	<u>91,521</u>	<u>67,321</u>
Non-current liabilities	<u>17,082</u>	<u>13,659</u>
Total liabilities	<u>108,603</u>	<u>80,980</u>
NET ASSETS		
Invested in capital assets, net of depreciation	2,409,837	2,359,505
Unrestricted net assets	<u>317,529</u>	<u>340,023</u>
Total net assets	<u>2,727,366</u>	<u>2,699,528</u>
Total liabilities and net assets	<u>2,835,969</u>	<u>2,780,508</u>

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$27,838, or by 1%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Housing Authority of The City of SOUTH LANDRY, LOUISIANA

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2007

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets

Fiscal Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Dwelling rental	\$ 176,248	\$ 180,790
Governmental operating grants	276,636	248,130
Other	24,972	31,221
Total Operating Revenues	477,856	460,141
OPERATING EXPENSES		
Administration	175,935	158,765
Tenant services	1,728	3,386
Utilities	11,695	13,360
Ordinary maintenance & operations	224,163	202,212
General expenses	88,561	77,257
Depreciation	207,285	220,080
Extraordinary maintenance	7,405	0
Total Operating Expenses	716,772	675,060
Income (loss) from Operations	(238,916)	(214,919)
Non Operating Revenues (Expenses)		
Interest earnings	9,137	6,105
Loss on disposal of assets	(312)	0
Total Non-Operating Revenues (Expenses)	8,825	6,105
Income (loss) before contribution	(230,091)	(208,814)
Capital Contribution	257,929	306,087
Change in net assets	27,838	97,273
Total net assets - beginning	2,699,528	2,602,255
Total net assets - ending	\$ 2,727,366	\$ 2,699,528

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating revenues and capital grants decreased \$27,411, or by 4%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD decreased by \$48,158, or by 16% from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2005 through 2006, and submitted a new grant during fiscal year 2008.
- Federal revenues from HUD for operations increased by \$28,506, or by 11% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly.
- Total other operating revenue decreased from that of the prior fiscal year there revenue decreased by \$6,249, or by 20%, because the Authority received proceeds from casualty insurance claims of \$5,200 in the prior year, which are recorded as other income by the Authority in the year received.
- Tenant rental revenues decreased by \$4,542, or by 3%. The amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes decreased, so rent revenue from these tenants decreased accordingly, lowering the overall total.
- Interest income increased from that of the prior fiscal year. The Housing Authority transferred \$8,085 into temporary investments during the current fiscal year since the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating expenses increased \$41,712, or by 6%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Maintenance and repairs increased by \$21,949, or by 11% from that of the prior fiscal year, due to several major factors: Repair staff wages increased by \$8,576, or by 8% ,and related employee benefit contributions increased by \$4,776, or by 11%.Also, materials used increased by \$5,021, or by 12% ,and contract labor costs increased by \$3,577, or by 82%.

Extraordinary maintenance of \$7,405 was comprised of repairs to a building from a car that crashed into it.

Housing Authority of The City of SOUTH LANDRY, LOUISIANA

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2007

- Administrative Expenses increased by \$17,170, or by 11% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$6,907, or by 8%, and staff vacation and sick leave pay increased by \$1,982, or by 73%. Related employee benefit contributions increased by \$3,808, or by 11%; therefore, total staff salaries and benefit costs increased by 10%. In addition, audit fees increased by \$600, or by 8%, accounting fees increased by \$6,183.
- Depreciation expense decreased by \$12,796, or by 6% from that of the prior fiscal year, because there was an increase in capital assets by \$257,929.
- General Expenses increased by \$11,305 or by 15% from that of the prior fiscal year, primarily because insurance premiums increased by \$9,562, or by 16%, since property and casualty insurance premiums increased. Also, payments in lieu of taxes (PILOT) decreased by \$288, or by 2%. PILOT is calculated as a percentage of rent (which decreased by 3%) minus utilities (which decreased 12%), and therefore changed proportionately to the changes in each of these. Uncollectible rents from vacated units increased by \$2,030, or by 90%, because these changed roughly proportional to rent, which decreased by 3%.
- Utilities Expense decreased by \$1,665, or by 12% from that of the prior fiscal year, principally because electricity cost decreased by \$1,972.
- Tenant Services decreased by \$1,657, or by 49% from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2007, the Housing Authority had a total cost of \$6,209,347 invested in a broad range of assets and construction in progress from projects funded in 2005 through 2006, listed below. This amount, not including depreciation, represents increases of \$257,929 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation As of December 31, 2007

	<u>2007</u>	<u>2006</u>
Land	\$ 211,267	\$ 211,267
Construction in progress	329,326	98,050
Buildings	1,761,653	1,924,002
Leasehold improvements	68,892	62,347
Furniture and equipment	38,700	63,839
Total	<u>2,409,838</u>	<u>2,359,505</u>

As of the end of the 2007 fiscal year, the Authority is still in the process of completing HUD grants of \$436,179 obtained during 2005 through 2006 fiscal years. A total remainder of \$228,700 will be received and \$39,677 will be spent for completing these projects during fiscal year 2008.

Debt

Non-current liabilities also include accrued annual vacation and sick leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Kalem Hardy, at Public Housing Authority of South Landry, Louisiana; P.O. Drawer E; South Landry, LA 70541.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
BALANCE SHEET
DECEMBER 31, 2007

ASSETS

Current assets		
Cash and cash equivalents	\$	200
Investments		200,523
Accounts receivable net		190,280
Interest receivable		405
Prepaid items and other assets		18,523
Inventory		1,214
Restricted assets – cash and cash equivalents		14,987
Total Current Assets		<u>426,132</u>
Capital Assets, net		
Land and other non-depreciated assets		540,593
Other capital assets – net of depreciation		1,869,244
Total Capital Assets, net		<u>2,409,837</u>
Total Assets	\$	<u><u>2,835,969</u></u>

LIABILITIES

Current Liabilities		
Accounts payable	\$	17,161
Compensated absences payable		8,331
Accrued PILOT		51,042
Deposits due others		14,987
Total Current Liabilities		<u>91,521</u>
Noncurrent Liabilities		
Compensated absences payable		17,082
Total Liabilities		<u>108,603</u>

NET ASSETS

Invested in capital assets, net of related debt		2,409,837
Unrestricted		317,529
Net Assets		<u>2,727,366</u>
Total Liabilities and Net Assets	\$	<u><u>2,835,969</u></u>

The Notes to the Financial Statements are an integral part of these statements.

EXHIBIT B

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED DECEMBER 31, 2007

OPERATING REVENUES	
Dwelling rental	\$ 176,248
Governmental operating grants	276,636
Other	24,972
Total Operating Revenues	<u>477,856</u>
OPERATING EXPENSES	
Administration	175,935
Tenant services	1,728
Utilities	11,695
Ordinary maintenance & operations	224,163
General expenses	88,561
Depreciation	207,285
Extraordinary maintenance	7,405
Total Operating Expenses	<u>716,772</u>
Income (loss) from Operations	<u>(238,916)</u>
Non Operating Revenues (Expenses)	
Interest earnings	9,137
Loss on disposal of assets	(312)
Total Non-Operating Revenues (Expenses)	<u>8,825</u>
Income (loss) before contribution	(230,091)
Capital Contribution	<u>257,929</u>
Change in net assets	27,838
Total net assets - beginning	<u>2,699,528</u>
Total net assets - ending	<u>\$ 2,727,366</u>

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

	<u>General</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 176,698
Other receipts	24,412
Federal grants	120,568
Payments to vendors	(179,871)
Payments to employees – net	<u>(301,324)</u>
Net cash provided (used) by operating activities	<u>(159,517)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	
Purchase of capital assets	(257,929)
Federal Capital Grants	<u>257,929</u>
Net cash provided (used) by capital and related financing activities	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	9,053
Purchase of investments	<u>(8,085)</u>
Net cash provided (used) by investing activities	<u>968</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(158,549)</u>
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	<u>173,736</u>
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	<u>\$ 15,187</u>

Continued

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

	<u>General</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (238,916)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation Expense	207,285
Provision of uncollectible accounts	1,375
Change in assets and liabilities:	
Receivables	(156,993)
Inventories	748
Prepaid items	(639)
Account payables	22,574
Accrued expenses	5,714
Deferred revenue	(665)
Net cash provided (used) by operations	<u>\$ (159,517)</u>

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of South Landry Parish have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayors of the Towns of Arnaudville, Grand Coteau and Sunset, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 921	148
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Towns of Arnaudville, Grand Coteau and Sunset since the Towns of Arnaudville, Grand Coteau and Sunset appoints a voting majority of the Housing Authority's governing board. The Towns of Arnaudville, Grand Coteau and Sunset are not financially accountable for the Housing Authority as they cannot impose their will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Towns of Arnaudville, Grand Coteau and Sunset. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Towns of Arnaudville, Grand Coteau and Sunset.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Acquisitions of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

G. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-40 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

I. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

J. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at December 31, 2007. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$100,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

At December 31, 2007, the Housing Authority's carrying amount of deposits was \$215,510 and the bank balance was \$316,664, which includes \$220,523 in certificates of deposits classified as investments. Of the bank balance, \$216,664 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at December 31, 2007, are as follows:

<u>Class of Receivables</u>	<u>General</u>
Local sources:	
Tenants	\$ 1,257
Federal sources:	
Grants	<u>189,023</u>
Total	<u>\$ 190,280</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$2,486.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets:				
Land and buildings	\$ 211,267	\$ 0	\$ 0	\$ 211,267
Construction in progress	98,050	231,276	0	329,326
Depreciable assets:				
Exhaustible capital assets		0	0	0
Buildings	5,725,831	18,312	0	5,744,143
Furniture and equipment	271,034	8,340	25,438	253,936
Total	6,306,182	257,928	25,438	6,538,672
Less: accumulated depreciation				
Buildings	3,747,771	165,828	0	3,913,599
Furniture and equipment	198,906	41,355	25,025	215,236
Total	3,946,677	207,183	25,025	4,128,835
Capital assets, net	\$ 2,359,505	\$ 50,745	\$ 413	\$ 2,409,837

NOTE 5 – ACCOUNTS PAYABLE The payables at December 31, 2007 are as follows:

	General
Vendors	\$ 14,615
Payroll taxes & Retirement withheld	1,841
Other	705
Total	\$ 17,161

NOTE 6 – COMPENSATED ABSENCES At December 31, 2007, employees of the Housing Authority have accumulated and vested \$25,413 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended December 31, 2007.

	Compensated Absences
Balance, beginning	\$ 20,727
Additions	15,090
Deletions	(10,404)
Balance, ending	25,413
Amounts due in one year	\$ 8,331

NOTE 8 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan from the first date of employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5.5 of his effective compensation, and may make additional contributions up to the plan. The employer is required to make monthly contributions equal to 8.5 of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$24,612 for the year ended December 31, 2007, of which \$13,799 was paid by the Housing Authority and \$10,813 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at December 31, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 10 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$534,565 to the Housing Authority, which represents approximately 72% of the Housing Authority's total revenue and capital contributions for the year.

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Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Housing Authority of South Landry Parish
South Landry Parish, Louisiana

We have audited the basic financial statements of the Housing Authority of South Landry Parish, Louisiana, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of South Landry Parish, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of South Landry Parish, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of South Landry Parish, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of South Landry Parish, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of South Landry Parish, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the South Landry Parish, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 07-01 and 07-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of South Landry Parish, Louisiana's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that neither of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of South Landry Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings, Part II, as Audit Findings 07-01 and 07-02.

The Housing Authority of South Landry Parish, Louisiana's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of South Landry Parish, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
June 25, 2008

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Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of South Landry Parish
South Landry Parish, Louisiana

Compliance

We have audited the compliance of the Housing Authority of South Landry Parish, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Housing Authority of South Landry Parish, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of South Landry Parish, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of South Landry Parish, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of South Landry Parish, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of South Landry Parish, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of South Landry Parish, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances on noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as Finding 07-01 and 07-02.

Internal Control over Compliance

The management of the Housing Authority of South Landry Parish, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of South Landry Parish, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of South Landry Parish, Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Audit Findings 07-01 – 07-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider Audit Findings 07-01 – 07-02 to be material weaknesses.

The Housing Authority of South Landry Parish, Louisiana's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of South Landry Parish, Louisiana's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, TX
June 25, 2008

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR PROGRAM TITLE	<u>CDFA NO.</u>	<u>PROGRAM EXPENDITURES</u>
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 275,919
Public Housing Capital Fund	14.872	<u>258,646</u>
Total United States Department of Housing and Urban Development		\$ <u>534,565</u>
Total Expenditures of Federal Awards		\$ <u>534,565</u>

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2007

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of South Landry Parish, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	Federal Sources
General	\$ 534,565
Total	\$ 534,565

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2007

Section I – Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were two significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

Audit of Federal Awards

- iv. There were two significant deficiencies required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed two audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.850 Public and Indian Housing – Low Rent Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Audit Findings 07 – 01 and 07 – 02 listed in Part III also apply here.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2007

Section III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Low Rent Program

Finding 07-01 Special Tests – Insufficient Quality Control Review

Statement of Condition

Quality control checks on significant aspects of the Low Rent tenant files were performed. However, the reviews need to be improved.

Criteria

The compliance requirements for the Low Rent major program, per OMB – Circular A133, require the auditor review several aspects of tenant file maintenance. In our review, we noted exceptions, as noted in Effect, below.

In addition, Statement on Auditing Standards (SAS #112), effective for years ended December 31, 2006 and after, requires documented quality control checks for all significant areas.

The July 2007 Revision (and earlier versions) of Government Auditing Standards state that generally accepted government auditing standards incorporate AICPA auditing standards. In addition, the Government Accountability Office (GAO) adopted SAS #112 internal control terminology in January 2007. In June 2007, the OMB revised Circular A-133 to adopt SAS #112 internal control terminology.

Effect

We reviewed twelve Low Rent tenant files. We noted the following exceptions:

- A. Five tenants were not timely recertified. Federal regulations require that tenants undergo a recertification process that is completed, and a rent revision be effective, if necessary, within twelve months of the prior certification.
- B. In three instances, an incorrect utility allowance was used. The differences were less than \$15 in all three, between the actual and the correct.
- C. In two instances, there was no documentation that the Enterprise Income Verification (EIV) was utilized at the time of recertification. The authority is required to document its check of EIV on the internet, which assists in gaining assurance that the tenant is reporting all sources of income.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2007

- D. In four instances, the authority used information directly sent to the tenant to calculate the tenant's income. Income verification guidance distributed by HUD to authorities requires the authority to obtain income information directly from the third parties. Sometimes that is not possible. When it is not possible, HUD requires the authority to document its unsuccessful attempts to do so.

Cause

Both the person performing the original functions, as well as the person performing quality control need to proceed carefully, and be aware of the documentation required for third parties.

Recommendation

We have reviewed the procedures used by the authority to remind them of upcoming recertifications due. We have also provided a form that many authorities find helpful to document the level of income verification attempted and the results.

07-01 Corrective Action Plan – Response

I am Kalen Hardy, Executive Director and Designated Person to answer these findings. We will follow the auditor's recommendations.

07-02 – Special Tests – Utility Allowance

Statement of Condition

Utility allowances were not adequately reviewed during the fiscal year (they were reviewed in 2006).

Criteria

HUD regulations require that a thorough review of utility allowances should be made annually. If any one category increases more than 10% since the last review, the rates must be revised.

Effect

It is unknown whether utility allowances should have been revised, since no review was performed.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2007

Cause

Apparent oversight.

Recommendation

The PHA should have a utility allowance review as soon as practicable. The rates should be revised, if necessary.

07-02 Corrective Action Plan – Response

We will do as the auditor suggests.

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2007

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

None

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER ITEMS

YEAR ENDED DECEMBER 31, 2007

The prior audit report included the following management letter comments:

06- MI – Low Rent and Capital Funding

Condition

We noted that checks were only signed by one person, the Board Chairman.

Recommendation

We recommended that all disbursements include two authorized signatures.

Status

The PHA starting doing after this was brought to their attention. This item is not repeated in the current year.

06 – M2 – All Programs – Training

We noted that it appeared employees were not sufficiently attending training. Current auditing standards require us to evaluate the “control environment.” This evaluation includes the assertion that it is extremely difficult, considering the changing environment, to adequately perform PHA functions without training.

Recommendation

We recommended that employees attend seminars in their area of work.

Status

The PHA attended more trainings. This item is not repeated in the current year.

06 – M3 – Monitoring the Capital Fund

We noted that the PHA needed to improve documentation of the program of any CFP work.

Recommendation

We discussed alternative ways to improve documentation.

Status

It appears the PHA has improved documentation in this area. This item is not repeated in this audit.

SUPPLEMENTARY INFORMATION

EXHIBIT E

HOUSING AUTHORITY OF SOUTH LANDRY PARISH
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED DECEMBER 31, 2007

CASH BASIS

	2005 <u>Capital Fund</u>	2006 <u>Capital Fund</u>
Funds approved	\$ 228,282	\$ 207,897
Funds expended	<u>227,562</u>	<u>168,940</u>
Excess of funds approved	\$ <u>720</u>	\$ <u>38,957</u>
Funds advanced	\$ 192,479	\$ 15,000
Funds expended	<u>227,562</u>	<u>168,940</u>
Excess (deficiency) of funds advanced	\$ <u>(35,083)</u>	\$ <u>(153,940)</u>

See accountants' report

**HOUSING AUTHORITY OF SOUTH LANDRY PARISH
FINANCIAL DATA SCHEDULE**

YEAR ENDED DECEMBER 31, 2007

PHA: LA073 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$200	\$0	\$200
114	Cash - Tenant Security Deposits	\$14,987	\$0	\$14,987
100	Total Cash	\$15,187	\$0	\$15,187
122	Accounts Receivable - HUD Other Projects	\$0	\$189,023	\$189,023
126	Accounts Receivable - Tenants - Dwelling Rents	\$3,743	\$0	\$3,743
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-2,486	\$0	\$-2,486
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129	Accrued Interest Receivable	\$405	\$0	\$405
120	Total Receivables, net of allowances for doubtful accounts	\$1,662	\$189,023	\$190,685
131	Investments - Unrestricted	\$200,523	\$0	\$200,523
142	Prepaid Expenses and Other Assets	\$18,523	\$0	\$18,523
143	Inventories	\$1,214	\$0	\$1,214
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
144	Interprogram Due From	\$189,023	\$0	\$189,023
150	Total Current Assets	\$426,132	\$189,023	\$615,155
161	Land	\$211,267	\$0	\$211,267
162	Buildings	\$5,058,895	\$0	\$5,058,895
163	Furniture, Equipment & Machinery - Dwellings	\$85,309	\$12,033	\$97,342
164	Furniture, Equipment & Machinery - Administration	\$132,342	\$24,252	\$156,594
165	Leasehold Improvements	\$658,812	\$26,436	\$685,248
166	Accumulated Depreciation	\$-4,110,137	\$-18,698	\$-4,128,835
167	Construction In Progress	\$0	\$329,326	\$329,326
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,036,488	\$373,349	\$2,409,837
180	Total Non-Current Assets	\$2,036,488	\$373,349	\$2,409,837
190	Total Assets	\$2,462,620	\$562,372	\$3,024,992

PHA: LA073 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
311	Bank Overdraft	\$9,428	\$0	\$9,428
312	Accounts Payable <= 90 Days	\$5,187	\$0	\$5,187
321	Accrued Wage/Payroll Taxes Payable	\$1,841	\$0	\$1,841
322	Accrued Compensated Absences - Current Portion	\$8,331	\$0	\$8,331
333	Accounts Payable - Other Government	\$51,042	\$0	\$51,042
341	Tenant Security Deposits	\$14,987	\$0	\$14,987
345	Other Current Liabilities	\$705	\$0	\$705
347	Interprogram Due To	\$0	\$189,023	\$189,023
310	Total Current Liabilities	\$91,521	\$189,023	\$280,544
354	Accrued Compensated Absences - Non Current	\$17,082	\$0	\$17,082
350	Total Noncurrent Liabilities	\$17,082	\$0	\$17,082
300	Total Liabilities	\$108,603	\$189,023	\$297,626
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$2,036,488	\$373,349	\$2,409,837
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$317,529	\$0	\$317,529
513	Total Equity/Net Assets	\$2,354,017	\$373,349	\$2,727,366
600	Total Liabilities and Equity/Net Assets	\$2,462,620	\$562,372	\$3,024,992

**HOUSING AUTHORITY OF SOUTH LANDRY PARISH
FINANCIAL DATA SCHEDULE**

YEAR ENDED DECEMBER 31, 2007

PHA: LA073 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$176,248	\$0	\$176,248
705	Total Tenant Revenue	\$176,248	\$0	\$176,248
706	HUD PHA Operating Grants	\$275,919	\$717	\$276,636
706.1	Capital Grants	\$0	\$257,929	\$257,929
711	Investment Income - Unrestricted	\$9,137	\$0	\$9,137
715	Other Revenue	\$24,972	\$0	\$24,972
716	Gain/Loss on Sale of Fixed Assets	\$-312	\$0	\$-312
700	Total Revenue	\$485,964	\$258,646	\$744,610

PHA: LA073 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$95,166	\$0	\$95,166
912	Auditing Fees	\$7,930	\$0	\$7,930
914	Compensated Absences	\$4,686	\$0	\$4,686
915	Employee Benefit Contributions - Administrative	\$37,031	\$0	\$37,031
916	Other Operating - Administrative	\$30,920	\$202	\$31,122
922	Relocation Costs	\$218	\$0	\$218
924	Tenant Services - Other	\$1,510	\$0	\$1,510
931	Water	\$732	\$0	\$732
932	Electricity	\$9,727	\$0	\$9,727
933	Gas	\$890	\$0	\$890
938	Other Utilities Expense	\$346	\$0	\$346
941	Ordinary Maintenance and Operations - Labor	\$121,908	\$0	\$121,908
942	Ordinary Maintenance and Operations - Materials and Other	\$46,894	\$0	\$46,894
943	Ordinary Maintenance and Operations - Contract Costs	\$7,410	\$514	\$7,924
945	Employee Benefit Contributions - Ordinary Maintenance	\$47,437	\$0	\$47,437
961	Insurance Premiums	\$67,814	\$0	\$67,814
963	Payments in Lieu of Taxes	\$16,455	\$0	\$16,455
964	Bad Debt - Tenant Rents	\$4,292	\$0	\$4,292
969	Total Operating Expenses	\$501,366	\$716	\$502,082
970	Excess Operating Revenue over Operating Expenses	\$-15,402	\$257,930	\$242,528
971	Extraordinary Maintenance	\$7,405	\$0	\$7,405
974	Depreciation Expense	\$198,952	\$8,333	\$207,285
900	Total Expenses	\$707,723	\$9,049	\$716,772
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-221,759	\$249,597	\$27,838

PHA: LA073 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$2,354,200	\$345,328	\$2,699,528
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$221,576	\$-221,576	\$0
1120	Unit Months Available	1,742	0	1,742
1121	Number of Unit Months Leased	1,522	0	1,522